

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-10 ISO-00 IO-13 L-03 H-01 PA-01 PRS-01
NEA-10 SP-02 USIA-06 AID-05 EB-08 NSC-05 SS-15
STR-06 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03
INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 OES-07
/116 W

-----115958 240920Z /10

P 240812Z JAN 78
FM AMEMBASSY RANGOON
TO SECSTATE WASHDC PRIORITY 4800
INFO AMEMBASSY MANILA PRIORITY

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FOR NAC AGENCIES

MANILA FOR USADB

E.O. 11652: N/A
TAGS: EAID, EFIN
SUBJ: PROPOSED ADB LOAN FOR SECOND FISHERIES DEVELOPMENT PROJECT (BUR
M)

REF: MANILA 1054

BEGIN SUMMARY: EMBASSY RECOMMENDS FAVORABLE NAC ACTION. PROJECT
SHOULD ENHANCE BURMA'S FISHERY OUTPUT BOTH FOR DOMESTIC CONSUMPTION
AND FOR EXPORT. BASED ON ITS RECORD IN IMPLEMENTING THE FIRST
FISHERIES LOAN, PEOPLE'S PEARL AND FISHERY CORPORATION, UNDER
ITS PRESENT MANAGING DIRECTOR, WILL FAITHFULLY AND EFFICIENTLY
CARRY OUT THE PROVISIONS OF THE PROPOSED LOAN. END SUMMARY.

1. EMBASSY CONCURS WITH USADB IN SUPPORTING THIS PROJECT AND
RECOMMENDING FAVORABLE NAC ACTION. CERTAINLY BURMA'S OFFSHORE
FISH POTENTIAL OFFERS UNTAPPED RESOURCES THAT CAN BENEFIT THE
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COUNTRY AND ADD TO ITS FOREIGN EXCHANGE EARNINGS WHILE AT THE
SAME TIME IT WOULD ADD TO THE WORLD'S FOOD SUPPLY. THE TENASSERIM
COAST WHERE THIS PROJECT IS CENTERED IS PARTICULARLY WELL
ENDOWED WITH MARINE RESOURCES. GIVEN THE BURMESE PREFERENCE
FOR FRESH WATER FISH, THE ESTABLISHMENT OF FRESH WATER FISH
PONDS IS WELL SUITED TO DOMESTIC MARKET DEMANDS. HOWEVER,
THE POOR STATE OF BURMA'S TRANSPORT SYSTEM MAY RESTRICT

DISTRIBUTION AND MARKETING OF THE ANTICIPATED OUTPUT TO THE RANGOON AREA.

2. THE PROVISION TO ALLOW THE PEOPLE'S PEARL AND FISHERY CORPORATION (PPFC) TO DIRECTLY EXPORT TO SINGAPORE USING ITS OWN REFRIGERATED FISH CARRIERS WILL GREATLY ENHANCE BURMA'S EXPORT PROSPECTS FOR MARINE PRODUCTS. IT WILL HELP OVERCOME PHYSICAL CONSTRAINTS ON SHIPPING, AND, MORE IMPORTANT, IT WILL BYPASS BUREAUCRATIC DELAYS AND INERTIA ENCOUNTERED IN EXPORTING THROUGH TRADE CORPORATION 2.

3. PPFC HAS DONE A COMMENDABLE JOB IN IMPLEMENTING THE FIRST FISHERIES LOAN. THE DELAY IN CONSTRUCTION OF THE COLD STORAGE FACILITIES IS DUE ENTIRELY TO PRIORITIES SET BY THE CONSTRUCTION CORPORATION OVER WHICH PPFC HAS NO CONTROL. IN THIS CONNECTION, THE BANK WILL HAVE TO CLOSELY MONITOR THE CONSTRUCTION PROJECTS ASSOCIATED WITH THE PRESENT PROPOSED LOAN TO SEE THAT THEY ARE PROPERLY IMPLEMENTED.

4. THE MANAGING DIRECTOR OF PPFC IS A RATHER DYNAMIC INDIVIDUAL WHO IS WILLING TO TAKE INITIATIVE AND ASSUME RESPONSIBILITY WHEN NECESSARY -- A RARITY AMONG MANAGERS OF GUB CORPORATIONS. IN ACCORDANCE WITH THE PROVISIONS OF THE FIRST FISHERIES LOAN, HE ESTABLISHED AN INCENTIVE SYSTEM FOR PPFC EMPLOYEES. THIS EARNED HIM A REPRIMAND FROM THE GUB COUNCIL OF INSPECTORS FOR INSTITUTING THE SCHEME WITHOUT PROPER AUTHORITY. HE SUCCESS-LIMITED OFFICIAL USE

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FULLY DEFENDED HIMSELF BY CITING THE LOAN AGREEMENT SIGNED BY THE GUB AS SUFFICIENT AUTHORITY TO INSTITUTE THE SCHEME. (THE EMBASSY BELIEVES THAT ALMOST ANY OTHER GUB MANAGER WOULD HAVE BACKED DOWN UNDER SIMILAR CIRCUMSTANCES.) THE INCENTIVES SCHEME HAS BEEN SO SUCCESSFUL THAT IT IS NOW UNASSAILED, AND IT STANDS AS AN EXAMPLE FOR OTHER GUB CORPORATIONS TO FOLLOW. HENCE, PPFC UNDER THE SUPERVISION OF ITS MANAGING DIRECTOR IS MOST LIKELY TO EFFICIENTLY AND SUCCESSFULLY IMPLEMENT THE PROPOSED PROJECT.

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Disposition Approved on Date:
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